Information Technology Authorization Committee
Wednesday, February 16, 2001
9:00a.m. - Noon
411 North Central Avenue
1st Floor Conference Room

Minutes

Present

Dr. Linda Blessing	Board of Regents
Dave Byers	Supreme Court
Albert Crawford, Jr.	Private Industry
Dr. Michael Gentry	Federal Government
John Jacobs	Private Industry
Dr. Bill Lewis	Public Sector
Danny Murphy	Local Government
Art Ranney	Government Information Technology Agency
Laraine Rodgers	Private Industry
Peter Woog	Private Industry

Absent:

Tom Betlach	Office of Strategic Planning & Budgeting
Phyllis Biedess	AHCCCS
Senator Dean Martin	State Senator
Representative Roberta Voss	State Representative

Call to Order at 9:00 a.m. by Chairman Art Ranney.

Director's Report   **Exhibit 1**

Project Approval
Department of Revenue
  ● **LAN / WAN Refresh**   **Exhibit 2**

Frank Somers, Government Information Technology Agency Oversight Manager
DOR Presenters: Mark Killian, Dave Rowand

Peter Woog I certainly support updating the equipment and setting a timeframe

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for continual refresh. How do the economics compare to lease these machines rather than buy them and have we done that sort of a study? Would leasing be an alternative to consider?

Dave Rowand   We looked into the leasing process, a lot of it deals with state contracts, if there are leasing options available to us. In four years when we're ready to roll this out, if leasing is more appealing at that time in the state contracts, it would be the cheaper way to go.

Danny Murphy   Why four years versus three years? Four seems like a long time for replacement.

Mark Killian The bottom line is it's what the Legislature will fund. They said go away and you can start 2004.

Danny Murphy   Is there a standard replacement for the state?

Art Ranney We would like to see three but we haven't got either budget office to that point yet. We hope to get away from this type of PIJ, trying to get away from having you look at this type of documentation. We're quickly putting together inventory so we can bless this on an IT planning standpoint. If we get most agencies to start looking at four years and, actually, DOR is blazing new trails there; ADOT is trying to do the same thing. Four years ago, we found 70 percent of our PCs were really three years or older. We have taken it on as a challenge; Y2K helped along the way.

Dr. Blessing   Does the condition cause any unintended consequences, i.e., you would only have money to replace once every four years, could you have reason to zero in on certain subset of computers for a different frequent?

Mark Killian   If we get into this, we need to move some things around, we'll be back here asking for help.

Dr. Blessing   Would you prefer not to see a condition like that?

Mark Killian No, not really, that doesn't bother us because as long as we have the tie-in with Government Information Technology Agency and ITAC, I think the oversight is good, it helps us and sharpens our abilities with things we need to do. We would like not to have to deal with anybody and just go do what we need to do. There are some blessings in consistency with the agencies and ITAC is working with us, so we're fine.

Frank Somers   We reviewed the agency's budget request and the budget request makes a statement that although Government Information Technology Agency recommends a three-year replacement cycle; the DOR has adopted a four-year replacement cycle. The condition reads: the agency having adopted a four-year replacement cycle may not replace PCs that are less than four years old or may only replace PCs that are four years old or more. We're supporting the agency's policy; we don't need to impose anything on the agency.

Dr. Gentry   The upgrading includes some networking apparatus. I notice a distinct bias for a particular vender for network equipment. That's a good vendor, but there are a lot of other good vendors. You ought to take advantage of the competition out there. We at Fort Huachuca have a facility that does an extensive amount of testing of this very type of equipment and I can provide names, email, and phone numbers for points of contact for up-to-date, very current testing information. You might find a better value since there is a

dramatic difference of range of value in terms of dollars for capacity you're buying. Come down to Fort Huachuca and I'll show you what we've done.

Dave Byers I have concerns about the four-year replacement cycle. The way I read this, it's absolute. Are you saying that no where in your agency ever, you're not going to need a researcher or somebody to have a machine less than four years old? We particularly don't look at the age as much as the capabilities of the machine and I hated to ask this and have you say that you can't change the server even if it breaks?

Mark Killian We love flexibility. Again, just looking at the challenges we face as an agency and the funding capabilities and the difficulties in the budget offices. What we felt was the realistic approach to make the changes and that's why the four-year approach.

Dave Byers I understand the realities, I think there's a general practice of that's what you want makes sense. This is absolute. If you had a server break, you couldn't replace it if it's less than three-years old. It's kind of absurd. If you ran out of disk space on a server, this is four years, period, no leeway. Is that what Government Information Technology Agency really means or are you talking about in general, there being a four-year replacement cycle?

Art Ranney Let's set something up saying they report to us a schedule for replacing, just report back to us; let's get away from a four-year cycle and concept of holding you down to that. Would that be acceptable to you?

Mark Killian To a large degree, the budget offices are beginning to give more deference to this committee and the work of Government Information Technology Agency. I have had a number of conversations with legislators who have said before talking about our new technology, have you been through Government Information Technology Agency and ITAC? I think the budget people would go by your recommendation.

Laraine Rodgers Sounds like it would make sense that there would be some standards and there are some operating practices in industry and government that looks to those things. You must have that type of flexibility. Perhaps there is something I don't understand about the budgeting process. This is not included in your base budget, this is always an extra, not an integral part? It would make sense since things change all the time to have that type of flexibility.

Art Ranney We're trying to establish that.

Dr. Blessing I appreciate what you're trying to do, but I don't want to see the agency coming back here for exception on the refresh project.

Motion by Dr. Blessing to approve;
Second by Al Crawford;
Motion Approved.

Dave Byers Maybe sometime we can talk about leasing versus purchasing. We have gone to that and it really shifts from the one-time purchase to an operating cost every year you've got a third and it's in your base budget. The other big advantage we found is unless you change every computer on the same day, you have problems with software. I hope someday we look at that for the state rather

than each agency having a common purchase order to deal with individual purchases.

Art Ranney We do have a leasing piece to our current statewide contract. The problem now is a lot of contractors have died by the wayside in the last couple years. We had four or five and we're down to one or two. It's a good point. We would like to have Procurement come in to talk about statewide contracts we currently have and what they cover and why we have them and how agencies have to use statewide contracts. There's a whole different way of processing statewide contracts rather than individual RFPs.

Mark Killian We get into raging debates in our own agencies and employees will go to Best Buy and other places to buy computers for home and they see that price as opposed to what we pay as an agency. The immediate reaction is why can't employees do the same? Purchasing does create difficulties in our ability to do things. This committee could focus in on that whole purchasing program as it relates to technology and the impediments for agencies to move quickly to get the best value. That would be received with open arms by most agencies.

Arizona Health Care Cost Containment System
  ● **Imaging System Replacement**   **Exhibit 3**

Tabled to a future meeting

Department of Public Safety
  ● **Arizona Fingerprint Identification System Upgrades**   **Exhibit 4**

Frank Somers, Government Information Technology Agency Oversight Manager
DPS Presenters: Dave Felix, D. C. Britt, Mike Bruzas

Al Crawford Would you describe the role of metamorpho in all this and the role? Is the operation outsourced?
D.C. Britt   Our system is provided by three vendors: Sagem Morpho provides AFIS equipment; Imageware Systems Software provides mug photo equipment; Imageware also provides our life scan equipment; IISI for the card scan equipment. Technical support is contract and maintenance services.
Al Crawford What's your capability in project managing this?
D. C. Britt   The advisory board provides recommendations to the DPS Director,
Al Crawford How about day-to-day operation?
D. C. Britt   I am at the state administrator and my officers are responsible for day-to-day operation, the project delivery.
Al Crawford Are you going to use the AZ Telecom network for your bandwidth?
D. C. Britt   We have the AFIS network out there separate from the AZ Telecom system.

Al Crawford Is there a plan to move the requirements on to the state network?

D. C. Britt There might be a security issue.

Art Ranney They can be dealt with.

Al Crawford In general that's a barrier to exclude standardization.

D. C. Britt That's one of the things we're looking at and we'll decide in the next couple weeks the direction we want to go with that.

Al Crawford It's an action item to follow up on.

Dr. Gentry That's exactly right, need to make sure that's part of the resolution.

Laraine Rodgers How do the fingerprinting systems interface and relate to one another? Are there different systems for Scottsdale, Phoenix, counties, state, etc.? Is there an automatic linkage? Project management might be integrated—whoever would do that, do they have the experience with this size and intricacy in the interrelationship of this kind of a project?

D.C. Britt AFIS system is relatively new, went live in June 1995. It includes a central site which is DPS fingerprint searches and 10 other sites do fingerprint searches throughout the state. All use the same equipment and purchase off state contract. It is totally compatible. The remote sites have the same capabilities and same responsibility and access throughout the system. It was one of the early efforts in that direction to try to share that and interface with the AZ Computerized Fingerprint Systems, it would be automatically updated and that's done by remote site of by DPS, doesn't make any difference. That's probably the first time in the United States that's been done. They cover 10 jurisdictions today. There is a business need for these to work together. The changes described here are the state costs. The cities and counties are involved in the process and must make changes. We try to give two years advance, that's why we do our strategic planning process in February, March and April every year to update and review.

Mike Bruzas DPS has the core portion of the system and the other agencies are tied into it. Those agencies are responsible for purchasing and maintaining. One system is shared throughout the state.

Laraine Rodgers Your project manager would have a master plan including dependencies across all those areas?

Mike Bruzas Yes.

Peter Woog As you look forward to technology changes in the wireless, etc., if this system is approved, is that going to be ready for the next generation of terminals or devices your officers will use in the field to move this to the next level?

D.C. Britt At this point, and on into the future and where we'll be in a couple years from now? At this point, officers are not tied into the system for fingerprint areas. We have a plan to run a fingerprint from a car and respond and back. We will have a system in place that will operate to give a state level check to see if they need to go forward.

Dave Felix I believe AZ AFIS will be out front of the technology to get us there. Currently, our technology in wireless takes place our radio system, telecommunication for the state that DPS operates on does not have the capability even if they were ready today to transport those images to the cars.

When I talk about being here frequently, it's because that system has to be upgraded.

Motion by Al Crawford to approve with conditions;
Second by Dave Byers;
Motion approved.

Department of Economic Security
- **ASSISTS System Replacement**   **Exhibit 5**

Frank Somers, Government Information Technology Agency Oversight Manager
DES Presenters: Mike Koppelman, Bob Buse

Al Crawford Conditions #1 and 2 are standard practice, why do we have to emphasize that?
Frank Somers   The first one I agree with; for the second, we have a highly-defined list of deliverables in this project. One thing we've seen with state agencies is there is not specific list of deliverables for contractors. This agency intends to use both in-house personnel and contractors in order to avoid a finger-pointing situation if the project gets behind schedule, so we would like a clear delineation of possibilities, so we're looking for documented deliverables and deliverable due dates. The first one is basically a reinforcement of processes the agency is already doing.
Al Crawford We're going to demand they look at CHILDS system code and there was never an architectural plan to have reusable modules. Does this make sense?
Frank Somers   I was provided two days ago with a summary of why using the CHILDS code appeared to be a really viable option and a money saving option. Page 2 has a review of the functional areas. You can see there is a high degree of functional match capability on the existing system to new system. There will be some changes; on the other hand, the agency has a lot of experience using the code-generating product to generate application code and they intend to start with the CHILDS as a basis for generating this new system and add in the areas of functionality that do not exist in this system, then use the code-generating product to complete generating the code. On average, it looks like 55 percent match, which seems to be good match.
Al Crawford It also states many parts of CHILDS will model after the function of ASSIST, which is 20 years old. Do we building in antiquity into this new system?
Mike Koppelman   When we brought up CHILDS to make it our case management system, even though we say it's structured similar to ASSIST; the case management has been enhanced.
Al Crawford That's business process, this is case management.
Mike Koppelman   Yes, it really is the case management piece and they added functionality to that. I wouldn't call CHILDS or the new system we're planning to

be similar to ASSIST, only in the idea of case management and financial management.

Art Ranney   One of the things that concerns us is this is a three-year development.

Dr. Blessing You don't need to convince me of the need for this project, I know that system has not been performing the way we need for a long time. I understand the need to look to CHILDS for ways DES intended there be a linkage and opportunity to use CHILDS system for DDD. I see you're going to use traditional project control, are there any changes, you'll still have a deputy director and an AD seated on the council?

Mike Koppelman   The project control function is very well defined in our agency. We will have an executive council; on it will be the associate director for the area, which is DDD, also, the associate director for technology. Under that will be the assistant directors and project control will be controlled by an independent entity within the department that will put a project control manager in place to control the whole project. The executive council will make decisions and any mediation if there are any disputes. This is the way we manage the project to insure it comes in under budget and also settles any disputes with our contractor. It has worked well for us. Time management commitment without question.

Dr. Blessing I assume this will be lower risk in the CHILDS project because we've been through some of it already?

Bob Buse   Due to the percentage of match on this system, I don't feel we had any real risk in taking this migration from CHILDS to DDD.

Dr. Blessing Is this for the state only?

Mike Koppelman   This will be for all of our DD clients, whether they are state only or long-term care.

Dr. Blessing Have you been in touch with AHCCCS to ensure the data elements will fulfill the needs for great reimbursement?

Mike Koppelman   We are working with AHCCCS to ensure we have not only that piece but also the HCFA requirements incorporated.

Dr. Blessing How much Federal participation?

Mike Koppelman   On the long-term side we needed 66 percent; on the state side will be 100 percent. It's hard to come up with a percentage because our long-term clients are most expensive and we spend more in that area.

Laraine Rodgers   On the risk assessment you rated the operational risk as a 2. Why so low?

Bob Buse   I think because of the success we had in dealing with CHILDS. We took them from an ASSIST-based system and through this planning, put in the effort into relationship application training and PC training because we were also migrating them from 3270 dumb terminal environment into PC-based technology. That entire activity was very well coordinated and went smoothly as far as the overall implementation of CHILDS on a statewide basis. We feel very comfortable we'll have that same success with this system.

Laraine Rodgers   It should have been a 5. If 5 is the maximum, you can have in terms of risk. So you think this is lower risk because you've had experience

with it and it was successful.

Bob Buse   We've never had an issue with Dr. Blessing in charge or John Clayton in charge.

Art Ranney This business of 2. Has user accepted testing plans? The answer is No. You're saying you don't feel the need to do that?

Mike Koppelman   We will have a plan for user acceptance.

Peter Woog This is an awful lot of money to me, we're looking at spending in excess of $23M to serve 18,000 people in need, breaks down to over $1,000 per person we'll spend in capital and development of system. By the time we get this done, we have a new legacy system to replace an old legacy system and where will we really go with this? What are the other alternatives? What are other states doing? Is there an opportunity to collaborate with them or must each state develop their own solution to this problem?

Mike Koppelman   That's a tough question. We have done a lot of surveys of other states to find out systems are in place in excess of five years. A lot of states have looked at our CHILDS system which is a very extensive case management system, so we feel CHILDS is a state of the art system out there now for case management. A DD client, case managing that is very similar to managing child welfare. This is a very adaptable system to change, we make modification to the system, and our staff is training in this system, so we can make modifications as we go forward. It is high cost per client on the surface, but right now our system does not allow us to properly or adequately keep up with our clients. We do not know at any given point in time how much we're spending on a particular client, what type of services they're getting or need to get. The system doesn't offer the information we need. We have to change the case management system and it also doesn't do a good job of financial management as we progress, the number of clients. This system was adequate when we had 400-500 clients when we brought it up. We're looking at 14-15 percent growth in our population every year. The system is outgrown by the number of clients. We feel very comfortable with the CHILDS being a state of the art system out there today, also that it can be modified as we go forward; also feel comfortable that staff is trained in it, we have the expertise, don't rely upon consultants in the future to do a lot of system changes.

Peter Woog What's troubling me is $23M to modify an existing system so we can handle the increased volume of clients. Those are huge numbers to me to be spending. We're developing, to me, a new legacy system, which will be unique to Arizona.

Frank Somers   They are starting with CHILDS as a basis because they have proven successful technology they are familiar with and have in-house expertise. That's a firm basis to start with. Where they have a good match existing, they will take and use those, then apply the same functionality to support ASSIST. The difference between old and creaking legacy systems that must be replaced and systems kept up to date is the commitment you have for maintenance of the system and using a code generator reduces the cost for development. I agree with this concept 100 percent. In terms of the cost, there is a definite large state cost but there is a $10.6M Title 19 Federal fund component to support the

project.

Peter Woog Would other states be willing to share?

Bob Buse   The CHILDS system has been transferred into other states as well as a number of our other IT systems. CHILDS got recognition and awards because it is multi-tiered.

Laraine Rodgers   Three years is a long time. Is it possible that when you do was recommended in one of the conditions if it's in phases if something could be implemented sooner. Will those projects be synchronized so that what can happen first would happen first?

Bob Buse   As long as we can avoid having to run dual systems. CHILDS we developed in roughly 24 months. Based on our ability to staff and bring expertise to the table on this, we may be able to bring that three-year development process down.

Art Ranney What she is also saying is you can also do this in phases is not a bad idea.

Bob Buse   If we can do it without having…

Art Ranney Do it as quickly as you can but do it in a phased approach.

Dr. Blessing The cost versus the number of clients to be served, the kinds of services that tends to the fragility of the client. These are not clients that are occasionally case managed, these are pretty intensive medical services costing item of budget.

Mike Koppelman   Right now, in long-term care we spend $313M per year on our clients. Our clients are case managed from the time they enter the system until ..very few leave voluntarily. They are intensive care clients in most cases, medically fragile; right now about 60 children are ventilator dependent, extreme high-cost clients. We case manage their visitation services, also when they are in residential settings. More intense case management in this system than there would be in the child welfare system for these clients. It is a very expensive population we're dealing with in most cases.

Dave Byers Legislature convened, paid to have consultants do an audit on the juvenile justice systems, including welfare, etc. When they came back and the follow up Legislative committees focused on the technology and data sharing, they did come down and set a direction that CHILDS should be one of two systems to build upon. CHILDS being the one for dependent care child and juvenile justice system (ACJC) being the other one. This is consistent of the direction they're getting from the subcommittees in the Legislature. As to cost, what's the typical cost per client?

Mike Koppelman   The approximate capitation rate per client is $500 per member month. We have the high end and the low end of that. We deal with AHCCCS; we receive very much like a health care agency, get so much per member month. I believe we just captated at $2500-2700 per month per member.

Dave Byers When you look at the $1000 investment per client it does seem like a lot of money. When you amortize it over a few years, given the cost of your spending to manage, it becomes more a perspective on it. These are very expensive clients. You probably have some that run $100,000 per year and

beyond. (Tape change)

Mike Koppelman …children can run us as much as $150,000-200,000 per year. It's only 54 in our system now but it has growing rapidly.

Art Ranney You told me a lot of these people – 2-3 are on one CRT and you're moving this to PC. I saw no money in here for training.

Mike Koppelman If we put no money in for training, it was a mistake. We will address that issue.

Motion by Dr. Lewis to approve with conditions;
Second by Dr. Blessing;
Motion Approved

Department of Economic Security
- **DDD Acute Care Project**   **Exhibit 6**

Frank Somers, Government Information Technology Agency Oversight Manager
DES Presenters: Mike Koppelman; Bob Buse

Al Crawford Talk about consulting viability, what's their annual revenues, how many headcount, will they be around?

Bob Buse Of the major project handled by the QCSI RFP in which we asked for financial data on vendors, new packages being used by large medical organizations, very comprehensive system, very flexible and pervasive outside alternatives, I was named to a committee to address the CMDP issue and also one of the key management personnel for DDD was involved in that committee as well. I started to look out on the Internet to see what packages were available and found enough information to say we're best off to buy instead of developing from within. That lead into the development of an RFP for CMDP. In using this system in two of our program areas, we'll minimize overall support issues and provide high potential of sharing information as it relates to providers and potentially clients. The company involved is Information Resources as far as stability goes, no issue related to that from the original (inaudible).

Al Crawford We have protection as far as software in escrow?

Bob Buse Under the standard state procurement terms and conditions, yes.

Motion by Al Crawford to approve;
Second by John Jacobs;
Motion approved.

Frank Somers The new members have not been through this ordeal, but since October, the committee has reviewed on average, 6 or 7 projects per meeting. I thank you for your patience in going through this ordeal. My staff and I definitely appreciate it!

PIJ Status Report   **Exhibit 7**
No discussion

Monthly Project Monitoring Report   **Exhibit 8**
No discussion

Other Business
No discussion

Motion by Peter Woog to adjourn;
Second by Dr. Lewis;
Meeting adjourned.